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DEPARTMENT OF AUDITOR-CONTROLLER**

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CHIEF DEPUTY

March 25, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **LOS ANGELES URBAN LEAGUE, INC., CITY OF POMONA
CONTRACT – A COMMUNITY AND SENIOR SERVICES WORKFORCE
INVESTMENT ACT PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of Los Angeles Urban League, Inc., City of Pomona (Urban League - Pomona or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) program provider.

Background

CSS contracts with Urban League - Pomona, a private non-profit organization to provide and operate the WIA Adult and Dislocated Worker Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. The Agency's office is located in the First District.

The Agency was compensated on a cost reimbursement basis and had a contract for \$764,804 for Fiscal Year (FY) 2006-07.

Purpose/Methodology

The purpose of the review was to determine whether Urban League - Pomona complied with its contract terms and appropriately accounted for and spent WIA funds in providing services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

Urban League - Pomona was significantly out of compliance with the County contract and has not repaid CSS \$258,068 in overbillings identified during our prior monitoring review. An additional \$94,591 in overbillings were identified during this year's monitoring review (FY 2006-07). Specifically, Urban League - Pomona:

- Did not maintain copies of invoices, purchase orders, cancelled checks and/or documentation to support expenditures totaling \$41,813. Subsequent to our review, Urban League - Pomona provided copies of invoices and cancelled checks that they claimed supported some of the disallowed expenditures. However, the documentation provided did not support the expenditures in question.
- Billed CSS \$40,860 in year-end accruals that were not adequately supported by invoices or other documentation. Subsequent to our review, Urban League - Pomona provided support for \$2,451 in accruals reducing the unsupported amount to \$32,409.
- Did not maintain documentation to support expenditures reported on their FY 2005-06 final close-out invoice totaling \$10,225.
- Exceeded their program budget by \$4,144. The County contract requires contractors to request reimbursement for actual expenditures incurred during the program year, not to exceed budgeted amounts for which the contractor has adequate supporting documentation.

Urban League - Pomona also did not always comply with the WIA guidelines or County contract requirements. For example, Urban League - Pomona:

- Did not allocate costs in accordance with their Cost Allocation Plan.
- Billed payroll expenditures based on estimates not actual hours worked.
- Did not obtain professional liability insurance coverage.

- Did not maintain a written lease agreement for the space they currently lease to the State's Employment Development Department.
- Did not implement 11 of the 16 recommendations contained in the prior year's monitoring report.

Urban League - Pomona management indicated that the Agency plans to implement the outstanding recommendations in FY 2007-08. If Urban League - Pomona does not make significant progress on implementing the recommendations, CSS should consider ceasing contracting with this Agency in the future.

Review of Report

We discussed our report with Urban League - Pomona and CSS on November 15, 2007. In their attached response, Urban League - Pomona indicated that additional documentation was submitted to support the \$41,813 in unsupported expenditures, and that we did not provide adequate details of our findings. However, we provided Urban League - Pomona management the details of our findings on June 14, November 13 and November 15, 2007.

Urban League - Pomona also indicated that additional documentation was provided to support the \$40,860 year-end accruals. As indicated in our report, the additional documentation provided did not support the accruals except for \$2,451. For example, Urban League - Pomona accrued and billed CSS \$17,687 in FY 2005-06 for computer equipment and office supplies purchased in June 2006 without CSS' approval or proof of goods received. The County contract requires contractors to complete all purchases of supplies before the last two months of the contract period and exceptions require prior written authorization from CSS. Urban League - Pomona also accrued and billed CSS \$7,300 in FY 2005-06 for training courses provided to participants in FY 2006-07.

Urban League - Pomona indicated that \$7,075 of the \$10,225 in FY 2005-06 unsupported expenditures was a result of reclassifying purchased equipment as fixed assets subsequent to year-end. However, Urban League - Pomona did not provide adequate documentation to support the expenditures.

In addition, Urban League - Pomona indicated that proof of Workers' Compensation insurance was provided. However, Urban League - Pomona did not obtain professional liability insurance coverage, as required by the County contract.

CSS needs to work closely with Urban League - Pomona to ensure the Agency makes significant progress on implementing the recommendations and pays CSS the amounts owed, or CSS should consider ceasing contracting with this Agency in the future.

Board of Supervisors
March 25, 2008
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We thank Urban League - Pomona for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Trevor Ware, Chief Operation Officer, Los Angeles Urban League, Inc., City of
Pomona
Los Angeles Urban League Board of Directors
Public Information Office
Audit Committee
Workforce Investment Board

**WORKFORCE INVESTMENT ACT PROGRAM
LOS ANGELES URBAN LEAGUE, INC., CITY OF POMONA
FISCAL YEAR 2006-07**

ELIGIBILITY

Objective

Determine whether Los Angeles Urban League, Inc., City of Pomona (Urban League - Pomona or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 20 (18%) of the 112 participants that received services between July 2006 and June 2007 for documentation to confirm their eligibility for WIA services.

Results

All 20 participants met the eligibility requirements for the WIA program.

Recommendation

There are no recommendations in this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (18%) participants that received services during July 2006 through June 2007. We also interviewed seven participants.

Results

The seven participants interviewed confirmed that the services received met their expectations. In addition, the case files for all 20 participants contained documentation to support the services billed to CSS.

Recommendation

There are no recommendations for this section.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed Urban League - Pomona's April 2007 bank reconciliation.

Results

Urban League - Pomona did not obtain two authorized signatures on all checks as required by the County contract. In addition, Urban League - Pomona's check signer was not listed as an authorized signer. The same finding was also reported in the prior years' monitoring reports.

Subsequent to our review, Urban League - Pomona updated the list of authorized check signers and revised the Agency's accounting manual to require two authorized signatures on all checks.

Recommendations

Urban League - Pomona management:

- 1. Ensure that two authorized signatures are obtained on all checks.**
- 2. Review checks signed by the unauthorized check signer and ensure that the disbursements made were for allowable program expenditures.**

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed supporting documentation for 64 non-payroll expenditure transactions for September 2006 and February 2007, totaling \$41,813.

Results

Urban League - Pomona did not maintain copies of invoices, purchase orders, cancelled checks and/or documentation to support the expenditures totaling \$41,813. Subsequent to our review, Urban League - Pomona also provided copies of invoices and cancelled checks to support \$31,699 of the \$41,813 unsupported expenditures. However, the documentation provided did not support the expenditures in question.

In addition, Urban League - Pomona did not obtain written approval from CSS to lease several copiers, totaling \$57,174 for July 2006 through June 30, 2007. The County contract requires prior written approval from CSS for equipment costing over \$5,000 and copies of lease agreements to support lease expenditures. This finding was also reported in the prior years' monitoring reports. Subsequent to our review, Urban League - Pomona obtained retroactive approval from CSS for the leased copiers.

Recommendations**Urban League - Pomona management:**

- 3. Repay CSS \$41,813.**
- 4. Ensure that prior written approval is obtained from CSS for equipment costing over \$5,000, including equipment leases.**
- 5. Maintain adequate documentation to support program expenditures.**

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the contractor maintained sufficient administrative controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Urban League - Pomona was not always in compliance with County contract requirements. Specifically, Urban League - Pomona:

- Did not obtain professional liability insurance coverage.
- Did not maintain a written lease agreement with the State's Employment Development Department (EDD) for the space they currently lease out to EDD. According to Agency personnel, Urban League - Pomona initially bills CSS 100% of the leased facility and credits CSS \$889 (9%) of the \$9,874 monthly lease payments for EDD's portion. However, Urban League - Pomona did not provide documentation to support how EDD's portion of the lease cost was determined.
- Did not mark the invoices and other supporting documentation as "paid." This finding was also reported in the prior years' monitoring reports.
- Did not maintain personnel and accounting policies and procedures manuals in compliance with regulatory guidelines. Specifically, the Agency's personnel manual did not include a policy on Child Abuse Prevention and the accounting manual did not include a policy on bonding of employees.

Subsequent to our review, Urban League - Pomona provided documentation to support EDD's share of the lease. However, Urban League - Pomona did not provide a copy of a written lease agreement between the Agency and EDD.

Recommendations**Urban League - Pomona management:**

- 6. Obtain professional liability insurance coverage as required by the County contract.**
- 7. Enter into a written lease agreement with EDD and specify therein how the lease amount will be determined and maintain documentation to support the lease amount.**
- 8. Ensure that invoices and other supporting documentation are marked "paid" when funds are disbursed.**
- 9. Ensure that the Agency's personnel and accounting policies and procedures manuals comply with the County contract and WIA requirements.**

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether the Agency's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed a physical inventory and reviewed the usage of 44 (16%) of the 269 items purchased with WIA funds, totaling \$15,778.

Results

Urban League - Pomona used the items purchased with WIA funds for the program and the items purchased were safeguarded.

Recommendation

There are no recommendations for this section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the WIA programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures totaling \$27,762 invoiced for eight employees for September 2006 to the Agency's payroll records and time reports. We also interviewed one employee assigned to the WIA programs.

Results

Urban League - Pomona billed CSS \$27,762 based on their estimated percentage of participants enrolled in each WIA and non-WIA program. The Agency is required to maintain time records for their employees that identify the hours they worked each day by program. Subsequent to our review, Urban League - Pomona provided additional payroll documents that adequately identified the hours worked each day by program for the eight employees sampled.

In addition, none of the five personnel files reviewed contained documentation required such as performance evaluations, criminal record clearances, validated professional qualifications, copies of valid drivers' licenses, insurance, etc. The prior year's monitoring review also indicated that Urban League - Pomona did not maintain performance evaluations. Subsequent to our review, Urban League - Pomona provided proof of employment and valid driver's licenses for four (80%) of the five employees, proof of automobile insurance for one (20%) of the five employees, validation of job qualifications and performance evaluations for the five employees sampled.

Recommendations

Urban League - Pomona management:

- 10. Review FY 2006-07 all payroll expenditures, determine the total amount of unsupported payroll expenditures and repay CSS.**
- 11. Ensure that employees' timecards indicate the hours worked each day by program to support the payroll expenditures and bill CSS based on actual expenditures incurred and not based on estimated amounts.**
- 12. Ensure that personnel files contain all required documents and criminal clearances are performed.**

COST ALLOCATION PLAN

Objective

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed Urban League - Pomona's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in September 2006 and February 2007 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Urban League - Pomona's Cost Allocation Plan was prepared in compliance with the County contract. However, the costs were not always allocated in accordance with their Cost Allocation Plan. Urban League - Pomona billed CSS 100% of their administrative payroll expenditures based on an estimated percentage of participant enrollment in each program not participants enrolled.

According to the Agency's Cost Allocation Plan, shared personnel costs are to be allocated based on the percentage of actual participants enrolled in each of the Agency's programs. In addition, Urban League - Pomona's Cost Allocation Plan requires the Agency to review the actual enrollment data quarterly and adjust their allocation percentages. This finding was also noted in the prior years' monitoring reports.

Recommendations

Urban League - Pomona management:

- 13. Ensure that the Agency's Cost Allocation Plan is correctly applied to program costs.**
- 14. Review the actual enrollment data quarterly, adjust allocated costs as required by the Agency's Cost Allocation Plan and repay CSS for any adjustments that resulted in over allocation of expenditures to the WIA programs.**

CLOSE-OUT REVIEW

Objective

Determine whether the Agency's Fiscal Year (FY) 2005-06 final close-out invoice reconciles to the Agency's financial accounting records.

Verification

We traced the Agency's FY 2005-06 general ledger to their final close-out invoice. In addition, we reviewed a sample of expenditures incurred in June 2006.

Results

Urban League - Pomona overbilled CSS \$52,778. Specifically:

- Urban League - Pomona exceeded line-item budgeted amounts totaling \$4,144 for the WIA Adult program. The County contract requires contractors to request reimbursement for actual expenditures incurred during the program year, not to exceed budgeted amounts for which the contractor has adequate supporting documentation. A similar finding was also noted in the prior years' monitoring reports.
- Urban League - Pomona's FY 2005-06 general ledger totals did not agree to the totals reported in the Agency's FY 2005-06 close-out invoice. Specifically, Urban League - Pomona's general ledger total for the WIA Adult Program was \$317,781.

However, the Agency billed CSS \$328,006, resulting in \$10,225 in unsupported expenditures.

- Urban League - Pomona billed CSS \$40,860 in year-end accruals. However, the accruals were not adequately supported by invoices or other documentation. Subsequent to our review, the Agency provided support for \$2,451 in accruals reducing the unsupported amount to \$38,409.

In addition, similar to current year's findings, Urban League - Pomona inappropriately billed CSS in FY 2005-06 for direct costs based on an estimated percentage of participant enrollment not actual direct costs as required by the Agency's Cost Allocation Plan.

Recommendations

Urban League - Pomona management:

- 15. Repay CSS \$52,778.**
- 16. Ensure that expenditures do not exceed budgeted amounts.**
- 17. Ensure that expenditures are billed to CSS in the correct program year.**
- 18. Review the FY 2005-06 expenditures to ensure that the prior year's expenditures were appropriately allocated and billed to CSS, and repay CSS for any amounts overbilled as a result of inappropriate allocation of expenditures.**

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2005-06 monitoring review were implemented. The report was issued in June 2007.

Results

The prior year's monitoring report contained 16 recommendations. Urban League - Pomona implemented five recommendations. As indicated earlier, the findings related to Recommendations 1, 4, 8, 11, 12, 13, and 16, were also noted during our prior year's monitoring review. The remaining four recommendations required the Agency to repay

CSS \$258,068, conduct a fair market assessment for their leased facilities and implement the outstanding recommendations from the prior years' monitoring reports. Urban League - Pomona management indicated that the Agency plans to implement the outstanding recommendations in FY 2007-08.

Recommendations**Urban League - Pomona management:**

- 19. Immediately repay CSS \$258,068.**
- 20. Implement the outstanding recommendations from the prior years' monitoring reports.**
- 21. CSS management needs to follow-up to ensure Urban League - Pomona makes significant progress on implementing the recommendations and if not, consider ceasing contracting with this Agency.**



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January 4, 2008

J. Tyler McCauley, Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 S. Fremont Avenue, Unit #51
Alhambra, CA 91803

Attention: Yoon Bae

**SUBJECT: Response of Los Angeles Urban League to the Draft Audit findings
LOS ANGELES URBAN LEAGUE, INC., CITY OF POMONA CONTRACT – A
COMMUNITY AND SENIOR SERVICES WORKFORCE INVESTMENT ACT
PROGRAM PROVIDER**

Mr. McCauley and Ms. Bae;

Attached are LAUL's responses to the draft audit findings letter recently received. I ask that you incorporate our responses prior to finalizing your audit. If you have any questions regarding our responses please contact me directly for clarification.

While the draft letter addresses a number of issues LAUL is responding only to recommendations listed in the draft letter. At this time LAUL will provide no responses to sections of the draft letter which have no recommendations.

Thank you for your assistance.

Trevor Ware
Chief Operating Officer
Los Angeles Urban League

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CASH/REVENUE

Recommendations

Urban League – Pomona management:

1. Ensure that two authorized signatures are obtained on all checks
2. Review checks signed by the unauthorized check signer and ensure that the disbursements made were for allowable expenditures.

LAUL Response

1. As noted in the draft, subsequent to the initial findings LAUL modified its accounting procedures to require two authorized signatures on all checks. These updates have been provided to the Auditor.
2. LAUL has updated its accounting procedures and practices to ensure that check signers are authorized. These updates have been provided to Auditor.

EXPENDITURES/PROCUREMENT

Recommendations

Urban League - Pomona management:

3. Repay CSS \$41,813.
4. Ensure that prior written approval is obtained for equipment over \$5,000.
5. Maintain adequate documentation to support program expenditures.

LAUL Response

3. The repay amount of \$41,813 represent September 2006 and February 2007 non-payroll expenses. Subsequent to review LAUL submitted copies of expenditure for the period requested. However, the draft letter continues to deem the information provided inadequate. We would like to provide any addition information that would satisfy this finding.

On November 13, 2007 LAUL met with Yoon Bae at 9:30am at her office in Alhambra. At that time LAUL previewed a book of supporting documentation for Ms. Bae. Under Tab 3 of the book LAUL provided invoices and cancelled checks for the LAUL Pomona WorkSource Center (Adult and Dislocated Worker Programs) for the requested months of September 2006 and February 2007. These invoices and cancelled checks itemize every expenditure for the two months requested. LAUL provided all invoices because the auditors indicated which months were in question, but did not provide an itemized list of invoices they had interest in. The invoices and cancelled checks total \$49,679.49. Support for no months other than those requested was provided under Tab 3 in the book. The book was presented to Ms. Bae on November 15, 2007 during our audit exit review with Ms. Bae and Heberto Sanchez, Project Supervisor of CDD.

Contrary to the draft finding, LAUL has provided copies of invoices, cancelled checks an/or documentation to support the shared expenditures allocations for \$49,670.49 in expenditures for the months requested. Only two invoices for the entire two months are unsubstantiated and they total \$185.65. Should the auditor or DCSS provide LAUL with specific invoices in question LAUL will provide only those requested.

4. LAUL's purchasing policy has been updated to per the recommendation. This policy will ensure that prior approval will be obtained for equipment over \$5,000.
5. LAUL will maintain accurate supporting documentation as recommended. LAUL has improved its filing practices to ensure this condition is met.

INTERNAL CONTROLS/CONTRACT COMPLIANCE

Recommendations

Urban League - Pomona management:

6. Obtain professional liability insurance coverage as required by the County contract
7. Obtain a written lease agreement with EDD and maintain documentation to support how the lease amount was determined.
8. Ensure that invoices and other supporting documentation are marked "paid."
9. Ensure that the Agency's personnel and accounting policies and procedures manuals are in compliance with regulatory guidelines.

LAUL Response

6. Subsequent to review we provided a copy of our Proof of Coverage for Workers Comp Insurance as required by County contract.
7. LAUL negotiated a lease agreement with EDD and is trying to obtain a copy of the lease agreement for the period in question from EDD. The County of Los Angeles Department of Community and Senior Services has offered support contacting EDD.
8. Prior to the audit LAUL would stamp all invoices as paid and secure supporting documents to the invoice. Per the auditor's recommendation, LAUL has made it our policy to stamp all invoices and supporting documents as paid.
9. LAUL is updating its Personnel and Policies to include a policy on Child Abuse Prevention as required by our contract. LAUL is updating our accounting policies to include a policy regarding employee bonding.

PAYROLL AND PERSONNEL

Recommendations

Urban League - Pomona management:

10. Review FY 2006-07 payroll expenditures, determine the total amount of unsupported payroll expenditures and repay CSS.
11. Ensure that employees' timecards indicate the hours worked each day by program to support the payroll expenditures and bill CSS based on actual expenditures incurred and not based on estimated amounts.
12. Ensure that personnel files are kept current with all required documents.

LAUL Response

10. LAUL reviewed FY 2006-2007 payroll expenditures and found that payroll expenditures are supported, and no repayment CSS is warranted. Payroll records were not reviewed during the auditor's initial review, but were subsequently provided and reviewed as acknowledged in the draft letter.
11. Subsequent to initial review LAUL implemented this audit recommendation. *Time Management Sheets are used to allocate employee expenses to each program. These changes will be evident in subsequent audits.*
12. Personnel files will be kept current with all required documents and made available in a timely fashion.

COST ALLOCATION PLAN

Recommendations

Urban League - Pomona management:

13. Ensure that the Agency's Cost Allocation Plan is correctly applied to program costs.
14. Review the actual enrollment data quarterly, adjust allocated costs as required by the Agency's Cost Allocation Plan and repay CSS for any adjustments that resulted in overpayments.

LAUL Response

13. LAUL commits to follow its Cost Allocation Plan. As recommended by the auditor, LAUL will review actual enrollment data quarterly and adjust allocated costs appropriately.
14. LAUL will comply with this recommendation.

CLOSE-OUT REVIEW

Recommendations

Urban League - Pomona management:

15. Repay CSS \$52,778.
16. Ensure that expenditures do not exceed budgeted amounts.
17. Ensure that the expenditures are billed to CSS in the correct program year.
18. Review the FY 2005-06 expenditures to ensure that the prior year's expenditures were appropriately allocated and billed to CSS, and repay CSS for any amounts over billed as a result of inappropriate allocation of expenditures.

LAUL Response

15. Our response will be divided into three parts. As stated in the Results section of the draft letter, the \$52,778 repayment amount includes three components; \$4,144 for exceeding line item budgets; \$10,225 in alleged unsupported expenditures; and \$40,860 in year end accruals. LAUL will responds to each component.

LAUL acknowledges the auditors statement that multiple budget line-items were exceeded for the WIA adult program totaling \$4,144. While line item budgets were exceeded the total budget for the program was not exceeded. Further, all expenditures were for allowable expenses which benefited the program. LAUL has agreed to submit to the County of Los Angeles Department of Community and Senior Services a request for retroactive budget modification for all budget line items exceeded.

In the Results section of the draft letter the auditors contend that LAUL's general ledger totals did not support \$10,225 in expenditures. On November 15, 2007, under Tab 17, LAUL presented Yoon Bae with documentation of a \$7,074.77 difference in our -out ledger versus our final billing. This difference was the result of LAUL auditors Green, Hasson & Janks LLP reclassifying purchased equipment as fixed assets subsequent to the end of the program year. Thus, \$7,074.77 represents a reclassification and not expenditures at all. As a result of the reclassification and subsequent explanation provided, \$7,074.77 should be removed from the \$10,225 recommended repayment. LAUL agrees to repay the resulting \$3,150.23 in disallowed cost.

In the Results section of the draft letter the auditors contend that LAUL did adequately support year end accruals with invoices and other documents. However, under Tab 17 of the book provided Yoon Bae on November 15, 2007 LAUL fully documented and supported the year end accruals. LAUL does not agree to repay the \$40,860 in year in accruals.

16. Future budget modification will be completed submitted to the funding source in a timely manner to ensure LAUL does not exceed budget amounts.
17. LAUL now has multiply staff reviewing program invoices and the allocation of expenses to ensure that all expenses are billed to CSS in the correct program year.
18. LAUL has performed the required review. All prior year expenditures were allocated based on approved cost allocation plan. Expenditures were appropriately allocated and billed to CSS.

PRIOR YEAR FOLLOW-UP

Recommendations

Urban League – Pomona management:

19. Immediately repay CSS \$258,068.
20. Implement the outstanding recommendations from the prior years' monitoring reports.

CSS management

21. Follow-up to ensure Urban League – Pomona makes significant progress on implementing the recommendations.

LAUL Response

19. The \$258,068 cited by the auditor is comprised of three components:
 - \$137,320.70 for rent and security deposit associated with the Pomona facility shared with EDD.
 - \$62,617.00 related to a copier lease
 - \$58,131.00 related to line item budget overruns.

Rent and Security

During the period covered by the audit LAUL and EDD were disputing rent payments due to each other. Subsequently, LAUL and EDD entered into a settlement regarding the rent. While an agreement was executed in 2006 LAUL does not have an executed copy of the agreement. LAUL is working, with the assistance of the Department of Children and Senior Services (DCSS), to secure a copy of the agreement. At that point proof of the appropriateness of rent and security deposits will be presented.

Copier Lease

During the period covered by the audit LAUL leased a copier which was appropriately used for program purposes. However, the copier lease was not approved by DCSS prior to lease execution. LAUL has requested and received retroactive approval of this copier lease. LAUL is working with DCSS to obtain a copy of the retroactive approval.

Line Item Budget Overruns

During the period covered by the audit LAUL maintained expenditures within its overall budget appropriately. However, specific line items were exceeded without prior approval. LAUL has agreed to submit to the County of Los Angeles Department of Community and Senior Services a request for retroactive budget modification for all budget line items exceeded.

20. Follow-up with DCSS to show we are implementing the outstanding recommendations.



Trevor Ware
Chief Operations Officer
Los Angeles Urban League

Tw:jm

Cc: Blair Taylor – President Los Angeles Urban League
Barbara Dent-Jiles – Director Pomona WorkSource Center LAUL